

Bill Ends Many Unfair and Deceptive Practices

WASHINGTON - U.S. Rep. Harry Mitchell today praised the enactment of key provisions in the Credit Cardholder's Bill of Rights, which prohibits several unfair and deceptive credit card practices. Also known as the Credit Card Accountability, Responsibility and Disclosure (CARD) Act, the bill protects cardholders from arbitrary interest rate increases and unfair penalties for cardholders who pay on time.

"Credit cardholders deserve to be treated fairly, and this bill will put an end to many of the unfair and predatory practices that have been used by credit card companies to trip people up," Mitchell said.

Mitchell cosponsored the CARD Act, H.R. 627, which was signed into law by the President on May 22, 2009. The bill is being implemented in three phases. While initial provisions took effect last August, many of the most helpful and necessary provisions go into effect in today's second phase, including:

- Protecting cardholders against arbitrary interest rate increases.
- Protecting cardholders from due date gimmicks.
- Increased interest rates applied only to subsequent debt and applies payments to the highest cost balance first.
- Prohibiting interest charges on debt paid on time (double-cycle billing).
- Improving disclosure and notice provided to cardholders.
- Prohibiting card companies from imposing excessive fees on cardholders.
- Requiring a credit card company to notify a consumer 45 days in advance of a scheduled interest rate increase.

Additionally, the bill will require that creditors periodically review all interest rate increases since January 2009 and reduce rates when a review indicates that a reduction is warranted. It will also protect consumers from due date gimmicks by requiring companies to mail billing statements 25 calendar days before the due date, up from the current 14 days, and requires that payments made before 5 p.m. on the due date to be credited as "on time" to prevent lenders from cutting-off receipts of payment earlier in the day, declaring such payments late and then charging late fees.

Similar legislation was introduced in the 110th Congress as H.R. 5244. Mitchell voted for and the House passed H.R. 5244 on a bipartisan vote of 312-112 in 2008, but the legislation did not receive a vote in the Senate.

In December of 2008, the Federal Reserve released regulations that would ban many of the deceptive practices included in the Credit Cardholder's Bill of Rights, but these rules will not take effect until July of 2010 [Source: [Federal Reserve](#), December 18, 2008].